Governance: National and local government institutions more openly and effectively perform public responsibilities

Citizens are rightly concerned with a government's responsiveness to their needs and protection of their rights. In general, governance issues pertain to the ability of government to develop an efficient, effective, and accountable public management process that is open to citizen participation and that strengthens rather than weakens a democratic system of government. Because citizens lose confidence in a government that is unable to deliver basic services, the degree to which a government is able to carry out its functions at any level is often a key determinant of a country's ability to sustain democratic reform.

USAID is particularly concerned with democratic governance—that is, the political dimensions of the public management process. The process of governing is most legitimate when it is infused with democratic principles such as transparency, pluralism, citizen involvement in decision-making, representation, and accountability. To focus USAID's governance programming, the Center has concentrated on the following five areas: legislative strengthening, decentralization and democratic local governance, anti-corruption, civil-military relations, and improving policy implementation.

In the past, governance issues were too often tackled in a strictly technical way with attention paid solely to improvements in administration and service delivery in spite of the fact that political issues underlay the poor performance. The result was a lot of failed public administration, decentralization, and civil service reform projects. Solely technocratic solutions to problems are now highly suspect, and the goal is to reorient such programs in order to maximize the democratic aspect of governance in order to achieve lasting results. So, for example, improving fiscal budget techniques and systems is now matched with a concern for the transparency of the budget process so that people can participate in budget decisions and government is held accountable for its spending.

1.   *Program Status*

The Center made significant progress this year in the governance sector. It worked closely with State to help advance the USG's objectives in fighting global corruption, and was actively involved in State's four priority DG countries, particularly in **Indonesia**, **Nigeria**, and **Ukraine**. The *USAID Handbook on Legislative Strengthening* and *Decentralization and Democratic Local Governance Programming Handbook* were published, while *A Handbook on Fighting Corruption* continued to be in high demand.

2.   *Statement of Purpose*

The Center works to identify lessons learned and to introduce and fortify strategic approaches for curbing corruption in government, strengthening legislative bodies, promoting decentralization and democratic local governance, enhancing civilian oversight of the military, and improving the management of policy reform. The objective is based on the assumption that democracies can only be sustainable if they are responsive, accountable, and transparent to the people they serve. G/DG's work helps inform the over 50 missions that have governance-related strategic objectives. It is carried out through the design and management of new buy-in mechanisms; the design and implementation of activities that will expand USAID's knowledge base and/or seed larger, mission-funded efforts; the development of technical outreach materials; and field support, including both TDY and Washington backstop assistance.

3.   *Key Results*

Foreign Policy. While all five governance sub-sectors contribute to USG democracy promotion objectives, it is the Center's work in anti-corruption that has received the most notice within the broader USG community. G/DG has also supported good governance in State's four priority DG countries.

- The Center has been an active player in the USG's anti-corruption campaign. It coordinated USAID's input into a State exercise to develop regional anti-corruption strategies; contributed to a series of State-led discussions between the World Bank and USG officials; and participated regularly in the senior-level, inter-agency group charged with follow-up to Vice President Al Gore's anti-corruption conference. In one indication of G/DG's added value, a Center-chaired intra-agency group expanded this year into an inter-agency group when State and Treasury asked to be included. G/DG has been one of the forces shaping the USG view of corruption as a economic development issue and not just a crime problem.

- The Center made significant contributions to the achievement of USG foreign policy objectives at the 9th International Conference on Corruption in Durban, South Africa. G/DG staff represented USAID's interests at USG inter-agency planning meetings, coordinated the participation of over 20 USAID Missions, and assured USAID a highly coveted speaking role. Perhaps more importantly, the Center organized a half-day session, "Corruption as a Development Issue," for the USG delegation. It was the only event planned for the entire USG delegation and over 60 delegates attended, including representatives from State, Treasury, and the Office of Government Ethics. In a separate effort at the conference, G/DG worked with AFR Bureau, the U.N. Development Programme, and NDI to organize a caucus of African participants. The caucus invigorated the anti-corruption principles that the Global Coalition for Africa had announced earlier in the year at the vice president's anti-corruption conference.

- The Center made tangible contributions to the achievement of U.S. foreign policy objectives in State's four priority DG countries. In **Indonesia**, Center staff conducted a corruption assessment that helped inform the Indonesia strategy. G/DG also provided the funding mechanism for and considerable backstopping support to the OTI-funded program to strengthen civilian control over the military. When a democratic transition was initiated in **Nigeria**, Center staff and a G/DG-managed mechanism enabled a rapid and much-lauded response to a request for training of newly elected government officials. The Center also arranged for a corruption assessment in Nigeria that will take place in the year ahead and provided advice to the OTI-funded program to strengthen control over the military. It is through a G/DG-managed mechanism that USAID has been able to claim success in the fight against corruption at the local level in **Ukraine**. The Center also supports a local chapter of Transparency International (TI) in Ukraine, as well as in **Colombia**. A corruption assessment that was completed in Colombia drew heavily from the G/DG-developed assessment methodology.

Technical Expertise. In FY 1999, the Center published and disseminated a number of technical publications, held several dissemination workshops, and provided a series of training courses in the governance field. The aim of G/DG's technical outreach was to promote best practices, share lessons learned, and provoke discussion of important governance issues.

- The Center published its *Decentralization and Democratic Local Governance Programming Handbook* and its *USAID Handbook on Legislative Strengthening*. Both handbooks provide methodologies for assessing the state of the sub-sectors in host countries, a framework for deciding upon the optimal program entry point(s) into a subsector, and programming ideas. G/DG's *A Handbook on Fighting Corruption* continues to be in extremely high demand with a steady stream of requests coming in from other donors, NGOs, and foreign governments.

- The Center launched a series of booklets, which provide overviews of USAID programs in anti-corruption, implementing policy change, decentralization and democratic local governance, and legislative strengthening, to provide USAID officers with programming ideas from other countries and others with a better sense of USAID's achievements.

- Through a cooperative agreement with NDI, G/DG supported the establishment of a website dedicated to expanding access to knowledge on the security field. The website (www.pdgs.org.ar) has more than 200 documents, 85 links, and three language options.

- Workshops to promote improved decentralization and democratic local governance programs were held in **Armenia** and **Ukraine**. A similar workshop was held in Paris for mission directors from AFR Bureau and Haiti. This latter workshop contributed as well to improved U.S.-French cooperation on decentralization issues.

- During its 1999 DG Officers Training Workshop the Center offered highly acclaimed courses in anti-corruption, implementing policy change, legislative strengthening, and decentralization and democratic local governance.

Field Support. G/DG provided extensive support to a number of field missions over the year, both through TDYs and Washington-based assistance.

- The Center conducted or arranged for the conduct of anti-corruption assessments in Indonesia, Lebanon, Madagascar, Morocco, Paraguay, the Philippines, and Thailand. These assessments fed directly into USAID programming decisions.

- G/DG provided five weeks of TDY support to **Bulgaria** during a critical period. Other countries benefiting from Center TDYs included Bolivia, Indonesia, Lebanon, Mali, Namibia, Paraguay, the Philippines, Tanzania, and Thailand.

- Support from Washington was extensive. It included numerous responses to requests for advice; reviews of strategies and statements of work; and assistance in contractual matters, especially related to the use of G/DG implementing mechanisms.

- The Center established a e-mail network for those interested in decentralization and democratic local governance issues. It reaches some 100 officers in Washington and the field, and is complemented by a quarterly intra-agency meeting on decentralization and democratic local governance.

Program Management/Direct Development Impact. In addition to the IQC buy-ins it manages in order to facilitate rapid start-ups and quality design and implementation work in the field, G/DG has several small activities of its own. Most of these are related to the realization of the technical outreach agenda described above but, as much of the technical work is done through Center-managed IQCs, the activities often have the added benefit of strengthening the capabilities of the contractors who are available to missions through buy-ins. For instance, the contractor under the Implementing Policy Change project (IPC) has conducted extensive analytical work on behalf of G/DG (see http://ipc.msi-inc.com). This analytical work has an independent value to DG practitioners and, at the same time, the familiarity with the methodologies that have arisen out of the analytical work has helped to make the IPC contract an exceptionally popular Center mechanism. To extend this example, the Center did not fund the successes achieved through the IPC buy-in in Ukraine and Bulgaria [1] but G/DG-funded analytical work that the contractor conducted previously certainly laid the groundwork for those successes.

G/DG obligates a limited amount of its funds to direct implementation. Through a grant to TI, for instance, the Center supports the institutional development of the organization's local chapters in nine countries: Bangladesh, Benin, Bulgaria, Colombia, Dominican Republic, Ghana, Mozambique, Sri Lanka, and Ukraine. The activity, which provides no more than $60,000 for each chapter, creates model chapters in each region of USAID activity and help transfers lessons learned. The **Colombia** chapter has been a leader in implementing "integrity pacts" whereby contractors bidding on selected construction projects sign bonds to forego bribery. The **Bangladesh** chapter has established its own website and assisted with web development in India and Nepal. All chapters actively seek to raise the profile of the corruption issues in their respective countries.

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[1] In Ukraine, the contractor assists a successful local-level, anti-corruption program. One success is the $65 million investment a U.S. firm is making thanks to a public-private partnership that the contractor helped establish to fight corruption. In Bulgaria, the contractor facilitated an effective dialogue between the government and the business community on policy-related issues, and helped increase citizen satisfaction with local government services.

The Center has requested NDI to expand its G/DG-funded portfolio to include (in addition to case studies and technical studies) small pilot activities to increase civilian control over the military. The purpose will be to learn and demonstrate lessons that could be applied to larger activities, to attract field mission interest in funding the larger activities, and to establish a collaborative, complementary relationship with Department of Defense (DOD) programs.

4. *Performance and Prospects*

The Center is proud of the achievements outlined above and believes they represent an extremely productive year, particularly when one takes into account that the governance team has only six full-time staff and five sub-sectors of responsibility. New IQCs were awarded. A successful Second International Conference on Legislative Strengthening brought together some 165 host-country legislators and staff, implementing partners, USAID DG officers, and representatives from other international donors, academics, and other interested parties. Hailing from some 30 nations, participants devoted four days to understanding legislatures' function of representation and determining how various political, structural, and institutional factors affect representation.

G/DG expects that anti-corruption will continue to be a busy sub-sector with recurrent short-fused deadlines. The Center intends to maintain its reputation as a source of "cutting edge" technical advice to USAID Missions and its active role in both international donor and USG inter-agency settings. To better serve field needs, G/DG is discussing a grant modification with TI that will enable missions to call on TI assistance in the institutional development of local anti-corruption organizations. G/DG will also complete and disseminate the lessons learned from four anti-corruption case studies.

Decentralization and democratic local governance, and legislative strengthening are relatively mature sub-sectors for which missions have a lesser need for urgent advice. Here, the Center will focus on an occasional papers series that addresses key issues. The first legislative strengthening paper will consider the differences between parliamentary and presidential systems and the implications for USAID programming. The first decentralization paper will examine the factors that determine success in scaling up pilot activities.

Implementing policy change has reached a stage whereby G/DG can focus primarily on disseminating lessons learned—a focus that began in earnest this year. Technical work will concentrate on increasing the Center's understanding of how best to promote accountability and cross-sectoral linkages. A potential area of emphasis is the link between DG and effective programs to combat AIDS.

Given the threat that unaccountable militaries pose to emerging democracies, G/DG believes civil-military programs will become increasingly important to U.S. foreign policy. In the coming year, the Center will focus on building a collaborative relationship with DOD and strengthening USAID's ability to undertake programs that strengthen civilian capabilities to oversee the military.

Finally, the Center believes there is both a need and a demand for issues-based, cross-sectoral training. As such, it will develop a training module in corruption/decentralization and democratic local governance; and, resources permitting, conduct training in one region on the governance-related issues common to the region.

5. *Principal Contractors, Grantees, or Agencies*

In FY 1999, the Center managed a task order under a contract with IRIS for four corruption case studies, a cooperative agreement with NDI for a civil military program, and a grant to TI for anti-corruption activities. The Center also managed six IQCs: three for governance [Associates in Rural Development (ARD), Casals and Associates, and Development Alternatives, Inc. (DAI)]; one for legislative strengthening [the Research Institute of the State University of New York (SUNY)]; one for decentralization [Research Triangle Institute (RTI)]; and one for policy change [Management Systems International (MSI)]. New IQCs are for anti-corruption (MSI and Casals and Associates), policy reform (MSI and DAI), legislative strengthening (SUNY and Development Associates), and decentralization (ARD and RTI) were awarded.